



SUSTAINABLE ECONOMIC GROWTH

“As a farmer, I plan to save up the income I get from selling my produce to buy more PICS bags, as these now are the answer to our grain storage challenges.”

– *Chinengo Howard Banda, Lilongwe*

Agriculture is the foundation of the Malawian economy. It represents over 38 percent of gross domestic product (GDP) and employs over 85 percent of the labor force. Unfortunately, the agriculture sector faces a litany of challenges: small land holdings, a poorly developed seed sector, weak agricultural extension services, limited access to finance, climate change, significant policy constraints, and meagre irrigation infrastructure meaning a near-total dependence upon timely and sufficient rains. Climatic shocks and world price fluctuations of Malawi’s few cash crops for export (tobacco, tea, and coffee) expose families and the economy to external shocks which can undermine economic growth. Partly as a result of these challenges, 70 percent of the population of Malawi lives below the poverty line. Through partnerships with the Government of Malawi (GoM), local and international non-governmental organizations, and the private sector, USAID is spearheading innovative programs to strengthen smallholder farmers’ economic and climatic resiliency.

PROGRAM SUMMARY

AGRICULTURE: USAID’s Feed the Future activities strengthen the competitiveness of the soy, groundnut, and orange-fleshed sweet potato value chains, build the capacity of Malawian agriculture organizations, and improve the nutrition of Malawians, especially women and children. They promote improved farming practices and technologies, including seed varieties which are drought tolerant, disease resistant, and early maturing. USAID also promotes climate smart agriculture to improve soil fertility, raise crop yields, and ultimately increase household incomes, making farmers more resilient to shocks. On the policy front, USAID provides significant support to, and technical guidance on, GoM efforts to create an optimal regulatory environment for agricultural investment and increased productivity.

NUTRITION: Undernutrition is a serious health and development challenge in Malawi. According to the 2014 Multiple Indicator Survey, 37 percent of children aged 6-59 months are chronically malnourished. Through various implementing partners, Feed the Future, Global Health, and Food for Peace activities support community-level nutrition interventions to improve community capacity to prevent and reduce under-nutrition. The activities include promotion of optimal breastfeeding, complementary feeding, growth monitoring, food preparation and utilization, and hygiene and sanitation implemented through the care group model. These activities are directed at households with pregnant and lactating women and children under the age of five, with an emphasis on children under two.

ENVIRONMENT: Malawi suffers from rapid deforestation, overfishing, widespread soil erosion and degradation from unsustainable agricultural practices, and the overexploitation and illegal trafficking of wildlife. These challenges are exacerbated by rapid population growth and vulnerability to the impacts (e.g., drought, unpredictable rain cycles, falling water tables, etc.) of climate change. USAID's environment activities strengthen the resilience of vulnerable populations by addressing the main drivers of deforestation and overfishing, improving land and water management, and improving the capacity of local communities to manage their natural resource base.



HUMANITARIAN RESPONSE: USAID provides support to the GoM to respond to the humanitarian needs arising from recurrent climatic shocks. USAID channels its resources through the World Food Program (WFP) for the procurement of emergency relief commodities, including maize, beans, corn-soya blend, sorghum, and related logistics support. To reduce future humanitarian assistance requirements and costs, USAID supports development activities to address the underlying causes of food insecurity for vulnerable households in Southern Malawi. Ongoing Food for Peace activities will continue to address underlying causes of food insecurity until 2019.

POWER CHALLENGES: Unreliable and insufficient energy is a key constraint on development in Malawi. The current installed electrical capacity is 351 megawatts; approximately ten percent of the overall population and one percent of the rural population have access to electricity. To help the GoM confront complex energy challenges, Power Africa, a multi-partner U.S. Government initiative launched in 2013, supports the GoM efforts to: establish a foundation upon which the nation's power system can grow by building and rehabilitating Malawi's electricity infrastructure; promote enabling policies and regulations that encourage private sector investments; and help independent power producers to enter the market.

IMPACT

Population-based Impact

- In Feed the Future districts, poverty declined by 18.3 percent from 66.7 percent in 2010 to 54.5 percent in 2015.
- The prevalence of stunting declined by 14 percent from 49.2 percent in 2010 to 42.3 percent in areas where Feed the Future works.

Agriculture / Food Security

- Increased the number of individuals who applied improved technologies from 31,727 in 2013 to 205,846 in 2019 (PICS bags, inoculant, drip irrigation, seeds).
- Introduced & multiplied new seed varieties [groundnut, maize, and orange fleshed sweet potato (OFSP)] and promoted adoption among smallholder farmers.
- Developed Aflasafe product to reduce aflatoxin contamination in ground nuts and expand exports - product approved by the GOM.
- Partnered with the private sector to build three warehouse receipt warehouses, inoculant factory and new OFSP products.
- \$11 million of loan guarantees for 4,408 farmers.

Humanitarian / Resilience Response

- Contributed over \$170 million to Malawian MVAC appeals since 2013 (171.6 MT of in-kind food, \$51.6 million cash for local procurement, \$27.4 million cash for transportation of maize from the SGR, \$8 million for cash distribution, and \$4.5 in technical assistance to DODMA).
- Established 5,000 Village Savings and Loan groups resulting in \$1.5 million of savings cumulatively since 2015.
- Supplemented the diets of nearly 150,000 mother child pairs annually over three years during the critical 1,000 days with a total of 12,600 MT nutrient rich food rations.

- Reduced deforestation in over 581,000 ha - in / around eight protected areas via co-management agreements and livelihoods). Enabled the GoM and communities surrounding three protected areas to receive over \$500,000 from Microsoft carbon credits.

Environment

- Preserved Biodiversity - in 72 community managed fish sanctuaries in fish breeding habitats resulting in a 22% increase in total fish diversity across all Malawian lakes.
- Reduced Poaching and Illegal Wildlife Trafficking - Trained new rangers, prosecutors and law-enforcement officers, resulting in the arrest, prosecution, and sentencing of 148 transnational criminals and the seizure of 3.65 tons of ivory in 18 operations.
- Rehabilitated 174 watersheds and 12,000 ha through food for assets programs that returned degrade hillsides to productive cropland and formerly dry bore holes and stream beds into community assets.

Energy

- Improved Policies - National Energy Policy, National Electricity Act, Independent Power Producer Framework.
- Transaction Advisory to GOM - for 250 MW Mpatamanga Hydro Project (first energy Public Private Partnership).
- Transaction Advisory to private sector - for six independent power production projects totaling 450 MW by 2025.
- Energy Project Financing - \$82 million in U.S. financing, including 20 MW Nkhotakota Solar PV project, 17.5 MW Golomoti Solar PV feasibility study from U.S. Trade Development Agency, and 150,000 off-grid electricity connections through Power Africa's Solar Home System Kickstarter Results-Based Financing.

IMPLEMENTING MECHANISMS/PARTNERS

Activity Name	Total Estimated Cost	Implementation Period	Implementing Partner
Agricultural Diversification (AgDiv)	US \$38 million	September 2016 – September 2021	Palladium International
Feed the Future Malawi Strengthening Agricultural and Nutrition Extension Services (SANE)	US \$15 million	November 2015 – November 2020	University of Illinois
Protecting Ecosystems and Restoring Forests in Malawi (PERFORM)	US \$15 million	August 2014 – September 2019	Tetra Tech
Fisheries Integration of Society and Habitats (FISH)	US \$15 million	September 2014 – September 2019	Pact, Inc.
Africa RISING: Sustainable Intensification	US \$ 2.5 million	October 2016 – November 2020	International Institute for Tropical Agriculture (IITA)
United in Building and Advancing Life Expectations (UBALE)	US \$60 million	September 2013 – September 2019	Implementing Partner: Catholic Relief Services (CRS)
Pathways (Njira)	US \$30 million	September 2013 – September 2019	Project Concern International (PCI)
Resilience Activity	US \$45 million	November 2016 – September 2019	World Food Program (WFP)
Southern Africa Energy Program	US \$4.1 million	October 2017 – September 2022	Deloitte Consulting